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To the Honorable the Legislative Council of Canada, in Provincial  
Parliament assembled :

*The Petition of the Corporation of the City of Hamilton,*

HUMBLY SHEWETH:

That finding themselves unable to continue to meet their engagements, your Petitioners, in the month of December, 1861, took steps to apprise their creditors of the actual position of their affairs, and invited those of their creditors resident in Great Britain, to send out two professional Accountants, at the expense of the City, to investigate and report upon the same, with a view to some equitable adjustment.

The suggestion was not acted upon, but some gentlemen of standing and position in this country, largely interested personally as bond-holders, and representing a very large number of creditors, after a careful examination of the affairs of the Municipality, and its ability to pay, recommended an arrangement, a leading feature of which was that the interest upon the debt should be reduced to three per cent. for a certain number of years.

Your Petitioners acceded to the proposed arrangement, but the creditors in Great Britain refused to assent to it, and matters remained in this position until it was suggested by the agent of the English Bond-holders that as Mr. Cassells, Manager of the Bank of Upper Canada, was about to proceed to England, he should be allowed to examine into the affairs of the Municipality, for the information of the creditors in Great Britain.

The books and papers of the Corporation were accordingly placed at the disposal of that gentleman, who, after a patient and careful investigation, reported that, in his opinion, the Corporation were in a position to pay four per cent. upon their indebtedness, assuming as a basis for such conclusion, that any profits, derivable either from the Stock of the Great Western Railway, held by the city, or from the Water-Works, would be applicable to the payment of such interest.

Acting upon the suggestion and recommendation of Mr. Cassells, the Bond-holders in England prepared a Bill providing for the redemption of the whole debt, by the issue of new Debentures, and fixing the rate of interest at the rates mentioned in Mr. Cassells' report, but providing that all interest or dividends, derived either from the Railway or Water-Works, should be paid to the holders of those classes of Debentures, in addition to the interest, thus lessening the means of payment upon which Mr. Cassells' recommendation had been predicated.

The Bill introduced at the instance of the English Bond-holders passed the Honorable the Legislative Assembly in this form, but after its introduction into your Honorable House, during the last session of Parliament, an amendment was introduced on the part of the Water-Works Debenture-holders, providing for the payment to them of one-half per cent. per annum for the first period of ten years, contemplated by the Act, and of one per cent. for the next period of ten years, thus making the interest payable to such holders four and one-half per cent. for ten years, and six per cent. thereafter.

Your Petitioners submit to your Honorable Body, that although such Debenture-holders have the security of their works for the ultimate payment of their Debentures, there is neither reason nor justice in giving a preference to them of one-half and one per cent., unless that amount can be realized from the profits of the works themselves, at rates which would be fair and equitable in a commercial point of view.

That the payment of such rate otherwise than from profits would be unjust to the Rate-payers, and to the other Bond-holders, as diminishing the fund to which they look for the payment of their interest, whilst the Rate-payers are exposed at any time to be called upon for large expenditures in repairing of accidents to the works. In confirmation of this, it may be mentioned that at this time an expenditure, estimated at several thousand dollars, will be required during the present year for the purpose of re-laying some miles of main pipe which has been defectively laid.

Your Petitioners would respectfully submit that any legislation having for its object the imposition of a higher rate of interest than the available means of the city would enable them to pay, would not only be useless, but, if acted upon by the city, would tend to destroy all confidence in the minds of distant creditors in the Institutions of the Province, in the event of future failure.

That it was with a view to an arrangement, which it would be in their power to carry out, and which would be at the same time fair to both debtors and creditors, that your Petitioners requested their creditors to send over competent parties to investigate and report upon their affairs, and they cheerfully submitted them to Mr. Cassells, as a party totally unconnected with the city, and in whose judgment all parties would have confidence.

Your Petitioners would impress upon your Honorable House, that in withdrawing one source of revenue from the city, the rate of assessment would become much more onerous than was contemplated by Mr. Cassells when he recommended four per cent., as the sum which the city was, in his judgment, in a position to pay, and that the addition of one half per cent. to the interest on Water Works Debentures materially increases the amount of annual expenditure; whilst they would also call attention to the fact that other gentlemen in the interest of the creditors, had previously come to the conclusion that three per cent. was the utmost amount the city was in a position to pay.

Your Petitioners would also call the attention of your Honorable House to an amendment proposed to the 23rd Section of the Bill, providing for the payment of an indefinite annual sum for *remuneration* to the Trustees, and *travelling, contingent and incidental expenses* and *the salaries of any officers* employed by them.

The question of the payment of Trustees was fully discussed both in the private Bills Committee, and the Committee of the whole in the Honorable the Legislative Assembly, and that Honorable Body decided that inasmuch as they were legislating for an embarrassed municipality, and the duties of the Trustees would be merely nominal, unless default should happen to be made by the city in payment of the coupons—the sum fixed for their remuneration should not be payable until that contingency should happen, or until the sinking fund should commence.

Your Petitioners would respectfully submit, that in the event of such default, ample provision is made in the act for the payment of the officers whose services would then be called into requisition; they would, nevertheless, not object to the insertion of any words intended to afford full indemnity to the Trustees in the event of any default being made in payment, and with this proviso they are willing that all expenses should be amply provided for.

Your Petitioners beg further to state, that since the last meeting of Parliament, a Bill has been prepared by the Glasgow Bond-holders, containing many important alterations from the Bill of last Session, to some of which they would respectfully call your attention.

The spirit and object of Clause 2, as originally introduced, was to cover by the issue of new Debentures as much of the arrears due to any particular holder for principal and interest as it was possible to do; leaving any fractional portion of one hundred dollars which could not be so covered payable in cash; to leave the option to a Bond-holder to define in what denomination of Debenture he would receive payment, might leave the city liable to be called upon for a larger cash outlay than was intended, or than provision is made for under the Act.

The 24th Clause is proposed to be amended in a manner which would, in effect, disfranchise all Canadian Bond-holders, as it is unreasonable to suppose that any creditor would consent to leave his Debentures with the Chamberlain of the city. The Canadian Bond-holders might be placed on a par with those in Great Britain by giving similar powers to our Canadian Banks to those given to English Bankers. This clause also requires amendment, by providing that the certificate of judgment should state the numbers of the Debentures, in respect of which the recovery was had, as otherwise the holder might be doubly represented at the meeting.

It would seem also indispensable to the working of the Act that all sterling debentures should be exchanged at some one place, to be named in the Bill, unless the holders designate in writing some other, place also to be named in the Bill, and that in like manner all currency Debentures should be exchanged in the Chamberlain's office, at Hamilton, unless some other place in Canada is specially designated by the holders.

It is impossible for the city authorities to know where the holders may be resident, and in view of the 28th Section some such amendment as this is required, and to make the Act effectual, that clause will also require amendment.

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Your Petitioners would also call your attention to the fact that the Act stipulates for the payment to Messrs. Dawes & Sons, of twelve hundred pounds sterling, and since the last meeting of the Legislature the Glasgow Bond-holders, adopting this precedent have preferred a claim of five hundred pounds amounting to no less a sum than one thousand seven hundred pounds sterling, which it is very prudently suggested, shall not be subject to taxation.

Your Petitioners prefer to leave these charges to be dealt with by your Honorable Body, but they are advised that the introduction of the words "costs, as between Solicitor and Client," would render it exceedingly difficult in practice to carry out the compromise, and effect the exchange contemplated by the Act, that in point of fact, the sums claimed under the clauses referred to, cover, and far more than cover any and every charge which could be made in that shape, and that it is most desirable to the proper working of any measure of this description that any thing tending to complicate the execution of the Act, should be avoided.

There are other amendments, which in the present position of the settlement between the city and its creditors, your Petitioners think it unnecessary to obtrude upon the attention of your Honorable House, and they will simply conclude their Petition by observing that the position of their affairs either calls for a compromise or it does not. If in point of fact they are in a position to pay, the interference of the Legislature is not only uncalled for, but ought not to be exercised—if on the other hand, the examinations and recommendations of the gentlemen referred to in this their petition are reliable, it is manifest that they are not in a position, with reduced means of payment, to pay to a large proportion of their creditors an additional half per cent.

The irregularity with which assessments have been made since the suspension of payment by the city, will not only work very great injustice in individual instances, owing to the removal of tenants, and other causes; but the mere circumstance of the cessation of taxation will very materially increase the difficulties of collecting.

Your Petitioners in view of the unsatisfactory result to the creditors which must necessarily follow the enforcement of the Law as it stands, and the disastrous effect upon the city, with the ultimate destruction of the creditor's security, which cannot fail to attend protracted litigation, have been desirous of acceding to any compromise which could with certainty be carried out. They have yielded their own judgment to that of Mr. Cassels, and they felt disposed, though not without many misgivings, to assent to the amendments of the English creditors, even though their means of paying were thereby reduced by the dividends derivable from the Great Western Railway and Water Works being withdrawn, but they feel that the paying powers of the city will be taxed to their utmost by this arrangement, especially for the current year.

Your Petitioners, nevertheless, entertain strong hopes that with the adjustment of the debt they may reasonably look for a return of prosperity, and that in the course of a few years, some return will be received from the Water Works, and they are desirous of offering no opposition to any compromise which the means of the city will enable them to meet.

Your Petitioners, therefore pray, that in view of the foregoing facts, in any Act which may be passed, provision be made for capitalizing the interest to the thirty-first day of March next, and that interest thereafter be payable on the first days of October and April, in each year. That the various clauses to which reference has been made in this Petition, be amended in accordance therewith; and that if in the judgment of your Honorable Body, a preference should be given to the Water Works Debenture holders, the additional interest prayed for, shall not commence, or be payable until ten years from the passing of this Act.

And your Petitioners as in duty bound will ever pray, &c.

Dated 23rd February, 1861.